



SEP 29 2014

To the members of the California State Senate:

I am returning Senate Bill 610 without my signature.

This bill alters the relationship between franchisors and franchisees by, among other things, changing the standard required to terminate a franchise agreement from “good cause” to a “substantial and material breach.” While the “good cause” standard is common and well understood, the standard provided in this bill is new and untested.

The bill's changes would significantly impact California's vast franchise industry that relies on the certainty of well-settled laws. I am open to reforming the California Franchise Relations Act to give more protections to franchisees if there are indeed unacceptable or predatory practices by franchisors. I need, however, a better explanation of the scope of the problem so I am certain that the solution crafted will fix those problems and not create new ones.

Additionally, the parties supporting and opposing this bill have diametrically different views. Given the polarized positions, it is in the best interest of all that a concerted effort be made to reach a more collaborative solution.

Sincerely,

Edmund G. Brown Jr.